

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2490 - HB 2627

February 7, 2012

SUMMARY OF BILL: Increases, from \$300,000 to \$500,000, the maximum amount of revenue and debt a municipality may have in order to contract with a certified municipal finance officer (CMFO) or other qualified individual who is exempt from CMFO certification, rather than employ a CMFO.

ESTIMATED FISCAL IMPACT:

Decrease Local Expenditures – Exceeds \$10,000/Permissive

Assumptions:

- Only municipalities that have between \$300,000 and \$500,000 in revenue and debt will be impacted by the proposed legislation.
- It is assumed that it is less expensive to contract rather than employ a CMFO. Savings would be realized through reduced costs associated with employee benefits (health insurance, retirement, etc) that will not be incurred if the municipality was to contract with a CMFO or other qualified individual who is exempt from CMFO certification.
- Due to a number of unknown factors, including the number of municipalities that will be able to contract with a qualified individual instead of employing a CMFO, the current salary and benefits for the employed CMFOs, and the costs associated with a contract for a qualified individual, an exact amount of savings is not quantifiable.
- Currently, state employee benefits range from 15.03 percent to 20.57 percent of an individual's salary plus \$5,883 for insurance. It is assumed that a municipality will have similar benefit structures. If a municipality has a salaried CMFO at \$50,000 per year, benefits are estimated to be \$13,398 [(\$50,000 x 15.03%) + \$5,883].
- It is assumed that any municipality deciding to contract with a qualified individual will save at least \$10,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

/jdb